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Legal Challenge Exposing Massive CAIR Fraud Scheme Awaiting Judge's Ruling; Jury Trial Expected

Washington, D.C. (January 31, 2013) — Yesterday, the American Freedom Law Center (AFLC), a non-profit Judeo-Christian law firm, and the Law Offices of David Yerushalmi, P.C. filed its reply brief in support of its motion for summary judgment in the United States District Court for the District of Columbia on behalf of five former clients of the Council on American-Islamic Relations (CAIR), who had earlier filed two separate lawsuits in federal court against CAIR, alleging common law and statutory fraud, breach of fiduciary duty, and intentional infliction of emotional distress.

CAIR, a self-described Muslim public interest law firm, was previously named as a Muslim Brotherhood-Hamas front group by the FBI and the U.S. Attorney's Office in the federal criminal trial and conviction of a terrorist funding cell organized around one of the largest Muslim charities, the Holy Land Foundation (HLF). HLF raised funds for violent jihad on behalf of Hamas, and top CAIR officials were part of the conspiracy. In addition, several of CAIR's top executives have been convicted of terror-related crimes. As a result, the FBI publicly announced that it has terminated any outreach activities with the national organization, which bills itself as "America's largest Muslim civil liberties and advocacy organization."

These two lawsuits, which were consolidated by the court because they arise out of the same facts, follow an earlier lawsuit that had also alleged that CAIR's fraudulent conduct amounted to racketeering, a federal RICO crime. In that case, the court dismissed the RICO counts, concluding that CAIR's conduct as alleged was fraudulent but not a technical violation of RICO.

The pending lawsuits allege that Morris Days, the "Resident Attorney" and "Manager for Civil Rights" at the now defunct CAIR-MD/VA chapter in Herndon, Virginia, was in fact not an

attorney and that he failed to provide legal services for clients who came to CAIR for legal representation. As alleged, CAIR knew of this fraud and purposefully conspired with Days to keep the CAIR clients from discovering that their legal matters were being mishandled or not handled at all. Furthermore, the complaints allege that according to CAIR internal documents, there were hundreds of victims of the CAIR fraud scheme.

According to court documents, CAIR knew or should have known that Days was not a lawyer when it hired him. But, like many criminal organizations, things got worse when CAIR officials were confronted with clear evidence of Days' fraudulent conduct. Rather than come clean and attempt to rectify past wrongs, CAIR conspired with Days to conceal and further the fraud.

To this end, CAIR officials purposefully concealed the truth about Days from their clients, law enforcement, the Virginia and D.C. state bar associations, and the media. When CAIR did get irate calls from clients about Days' failure to provide competent legal services, CAIR fraudulently deceived their clients about Days' relationship to CAIR, suggesting he was never actually employed by CAIR, and even concealing the fact that CAIR had fired him once some of the victims began threatening to sue.

David Yerushalmi, who is also AFLC's co-founder and senior legal counsel, commented: "CAIR has engaged in a massive criminal fraud in which literally hundreds of CAIR clients have been victimized; and because of the CAIR cover-up, they still don't realize it. The fact that CAIR has victimized Muslims and non-Muslims alike demonstrates that CAIR is only looking out for CAIR. In fact, one thing we have learned from this lawsuit is that CAIR gets very little financial support from American Muslims. Almost all of CAIR's funding comes from terror-sponsoring sources in the oil-rich Persian Gulf region."

As the case progressed, Yerushalmi and AFLC engaged in eighteen months of extensive discovery and aggressive motion practice to force CAIR to produce thousands of documents, including what turned out to be several "smoking guns" relating to liability. In addition, Yerushalmi and AFLC forced CAIR to submit to the magistrate judge for an "in camera" inspection hundreds of emails that CAIR claimed were privileged based upon the attorney-client privilege and work product doctrine (related to attorney-client privilege). As a result of the "in camera" inspection (an ex parte examination by the magistrate judge in closed chambers), CAIR was forced to produce many more documents of a sensitive nature.

Subsequent to the close of discovery on September 11, 2012, CAIR filed a motion for summary judgment to have the case dismissed. As a result, Yerushalmi and AFLC filed an opposition, which the Court has treated as a cross-motion for summary judgment on the key liability issues, a rarity in cases like this.

Even more rare was CAIR's effort to file their entire motion for summary judgment and all supporting documents under seal, claiming they were all confidential and trade secrets. Recognizing that CAIR was continuing its fraudulent effort to conceal the truth from the public, Yerushalmi and AFLC immediately filed a motion to lift the seal and to force CAIR to file their motion and supporting documents on the public ECF filing system. The court granted the motion and CAIR was forced to expose the entirety of their filing to the public.

Yerushalmi commented: "Currently, there is little doubt in my mind that the court will deny CAIR's motion for summary judgment, which means that at the very least all of our counts will survive, thereby forcing CAIR to face the music before an American jury for their fraud, breach of fiduciary duty, and intentional infliction of emotional distress."

"What is unique about this case," Yerushalmi added, "is that there is a good chance that the judge, who now understands the abusive legal tactics used by CAIR, could rule in our favor on liability and the jury will only be asked to decide how much CAIR must pay its victims."

Robert Muise, AFLC co-founder and senior legal counsel, added, "The evidence in this case will finally put to rest the myth that CAIR is a legitimate Muslim American civil rights organization when in fact it is little more than an agent of the Muslim Brotherhood and a recipient of huge donations from operatives of the Organization of the Islamic Conference (OIC)."

The complaint also alleges that in addition to covering up the fraud scheme, CAIR forced angry clients who were demanding a return of their legal fees to sign a release that bought the client-victims' silence by prohibiting them from informing law enforcement or the media about the fraud. According to the agreement, if the "settling" clients said anything to anyone about the fraud scheme, CAIR would be able to sue them for \$25,000. This enforced code of silence left hundreds of CAIR's victims in the dark such that to this day, they have not learned that Days was not an attorney and that he had not filed the legal actions on their behalf for which CAIR publicly claimed credit. Days has since died of a lung complication.

Mr. Yerushalmi concluded, "Why this organization is allowed to exist as a non-profit, tax-exempt organization at all is mind-boggling."

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